



**SF 485** – Physical Plant and Equipment Levy Bonds (LSB2114SZ)

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Fiscal Note Version – New

**Description**

**Senate File 485** permits a school district, by board resolution, to exceed the levy rate of \$1.67 per \$1,000 of assessed valuation for the Physical Plant and Equipment Levy (PPEL). The levy rate may be exceeded if the School board has refunded or refinanced a loan agreement under Iowa Code section **297.36** that results in a lower amount of interest on the amount of the loan agreement.

**Background**

The PPEL levy consists of the regular PPEL levy not to exceed \$0.33 per \$1,000 of assessed valuation and a voter-approved PPEL not to exceed \$1.34 per \$1,000 of assessed valuation in the district. The voter-approved PPEL may consist of a combination of a property tax levy and income surtax.

Based on a 1987 Attorney General Opinion<sup>1</sup> some school districts have exceeded the \$1.67 levy rate limit because the county auditor must annually levy the amount to satisfy bond obligations. The following school districts have exceeded the \$1.67 limit due to declining property valuations in the district to satisfy bond obligations.

<u>Fiscal Year</u>	<u>District</u>	<u>Total PPEL Rate</u>
FY 2005	Coon Rapids-Bayard	1.79900
FY 2005	Remsen-Union	1.91869
FY 2005	Westwood	1.82200
FY 2006	Coon Rapids-Bayard	1.79900
FY 2006	Remsen-Union	1.93500
FY 2006	Westwood	1.85400
FY 2007	Coon Rapids-Bayard	1.70300
FY 2007	Remsen-Union	1.83100
FY 2007	Westwood	1.72400
FY 2008	Remsen-Union	1.81300
FY 2008	Westwood	1.72400
FY 2009	Remsen-Union	1.81500
FY 2010	Remsen-Union	1.75200
FY 2011	Remsen-Union	1.67500
FY 2012	Remsen-Union	1.67500
FY 2013	West Des Moines	1.70081
FY 2014	West Des Moines	1.68142
FY 2015	West Des Moines	1.70691

<sup>1</sup> [1988 Iowa Op. Atty. Gen. 22 \(Iowa A.G.\), 1987 WL 119641](#), March 12, 1987

**Assumptions**

- Taxable valuations in the district will remain constant in future fiscal years.
- Refinancing a loan agreement will result in a lower levy rate.

**Fiscal Impact**

The estimated fiscal impact is unknown. The number of districts that may refinance loan agreements that will increase the levy rate based on declining taxable valuations cannot be estimated.

Based on projections from West Des Moines School District, if the District refinanced a \$15.0 million bond issued in FY 2010, with outstanding principal debt of \$10.0 million the following levy rates will apply:

<u>Fiscal Year</u>	<u>District</u>	<u>Current Law Total PPEL Rate</u>	<u>SF 485 Impact Total PPEL Rate</u>	<u>PPEL Rate Decrease</u>
FY 2016	West Des Moines	1.72152	1.70110	-0.02042
FY 2017	West Des Moines	1.72155	1.70857	-0.01298
FY 2018	West Des Moines	1.72113	1.70812	-0.01301
FY 2019	West Des Moines	1.72134	1.70812	-0.01322
FY 2020	West Des Moines	1.72123	1.70785	-0.01338
FY 2021	West Des Moines	1.72139	1.70727	-0.01412

**Sources**

Iowa Department of Management, School Aid file  
West Des Moines School District  
LSA Analysis and calculations

/s/ Holly M. Lyons

April 6, 2015

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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